

BERWICK DEVELOPMENT DISTRICT

Berwick, Louisiana

Financial Report

Year Ended December 31, 2013

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1-2
BASIC FINANCIAL STATEMENTS	
Government-wide financial statements	
Statement of net position	5
Statement of activities	6
Fund financial statements	
Governmental fund	
Balance sheet	9-10
Statement of revenues, expenditures, and changes in fund balance	11-12
Notes to basic financial statements	13-20
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedule	
General Fund	22
Note to budgetary comparison schedule	23
INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS	
Independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	25-26
Schedule of audit results and findings	27-29
Summary schedule of prior audit findings	30
Corrective action plan for current audit findings	31

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

OFFICES

C. Burton Kolder, CPA*
Russell F. Champagne, CPA*
Victor R. Slaven, CPA*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Penny Angelle Scruggins, CPA
Christine C. Doucet, CPA
Wanda F. Arcement, CPA, CVA

Stephen J. Anderson, CPA
Cheryl L. Bartley, CPA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA
Allen J. LaBry, CPA
Albert R. Leger, CPA, PFS, CSA*
Marshall W. Guidry, CPA
Stephen R. Moore, Jr., CPA, PFS, CFP®, ChFC®
James R. Roy, CPA
Robert J. Metz, CPA
Alan M. Taylor, CPA
Kelly M. Doucet, CPA
Mandy B. Self, CPA
Paul L. Delcambre, Jr., CPA
Kristin B. Dauzat, CPA
Jane R. Hebert, CPA
W. Jeffrey Lowry, CPA
Brad E. Kolder, CPA, JD
Casey L. Ardoin, CPA
Deidre L. Stock, CPA
Karen V. Fontenot, CPA

* A Professional Accounting Corporation

183 South Beadle Rd
Lafayette, LA 70508
Phone (337) 232-4141
Fax (337) 232-8660

450 East Main Street
New Iberia, LA 70560
Phone (337) 367-9204
Fax (337) 367-9208

113 East Bridge St
Breaux Bridge, LA 70517
Phone (337) 332-4020
Fax (337) 332-2867

200 South Main Street
Abbeville, LA 70510
Phone (337) 893-7944
Fax (337) 893-7946

1234 David Dr. Ste 203
Morgan City, LA 70380
Phone (985) 384-2020
Fax (985) 384-3020

1013 Main Street
Franklin, LA 70538
Phone (337) 828-0272
Fax (337) 828-0290

434 East Main Street
Ville Platte, LA 70586
Phone (337) 363-2792
Fax (337) 363-3049

133 East Waddell St
Marksville, LA 71351
Phone (318) 253-9252
Fax (318) 253-8681

332 West Sixth Avenue
Oberlin, LA 70655
Phone (337) 639-4737
Fax (337) 639-4568

1428 Metro Drive
Alexandria, LA 71301
Phone (318) 442-4421
Fax (318) 442-9833

WEB SITE
WWW.KSRCPCAS.COM

Retired
Conrad O. Chapman, CPA* 2008

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Berwick Development District
Berwick, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Berwick Development District (hereinafter "District"), a component unit of the Town of Berwick, Louisiana, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide the basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District, as of December 31, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 7 to the financial statements, the District implemented the provisions of the Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the budgetary comparison information on pages 22-23 because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The District has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2014, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
June 28, 2014

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

BERWICK DEVELOPMENT DISTRICT
Berwick, Louisiana

Statement of Net Position
December 31, 2013

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 1,000
Inventory-residential lots	335,000
Capital assets, net	<u>7,443</u>
Total assets	<u>343,443</u>
NET POSITION	
Invested in capital assets	7,737
Unrestricted	<u>335,706</u>
Total net position	<u><u>\$ 343,443</u></u>

The accompanying notes are an integral part of the financial statements.

BERWICK DEVELOPMENT DISTRICT
Berwick, Louisiana

Statement of Activities
Year Ended December 31, 2013

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
Governmental activities:			
General government	\$ 1,522,478	\$ 1,765,211	\$ 242,733
	General revenues:		
	Miscellaneous		<u>2,000</u>
	Change in net position		244,733
	Net position - January 1, 2013		<u>98,710</u>
	Net position - December 31, 2013		<u>\$ 343,443</u>

The accompanying notes are an integral part of the financial statements.

FUND FINANCIAL STATEMENTS

MAJOR FUND DESCRIPTION

General Fund

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

BERWICK DEVELOPMENT DISTRICT
Berwick, Louisiana

Balance Sheet
Governmental Fund
December 31, 2013

	<u>General Fund</u>
ASSETS	
Cash	\$ 1,000
Inventory - residential lots	<u>335,000</u>
Total assets	<u>\$ 336,000</u>
DEFERRED INFLOWS OF RESOURCES	
Land held for resale	<u>335,000</u>
FUND BALANCE	
Nonspendable - residential lots	335,000
Unassigned (deficit)	<u>(334,000)</u>
Total fund balance	<u>1,000</u>
Total deferred inflows of resources and fund balance	<u>\$ 336,000</u>
	(continued)

BERWICK DEVELOPMENT DISTRICT
Berwick, Louisiana

Balance Sheet (continued)
Governmental Fund
December 31, 2013

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position:

Total fund balance for governmental fund at December 31, 2013	\$ 1,000
---	----------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund. Those assets consist of landscaping.

	8,815	
Less: Accumulated depreciation	<u>(1,372)</u>	7,443

Contributions of assets held for re-sale and certain receivables from lot sales are not considered current financial resources and are deferred in the fund.

<u>335,000</u>

Net position of governmental activities at December 31, 2013

<u><u>\$343,443</u></u>

The accompanying notes are an integral part of the financial statements.

BERWICK DEVELOPMENT DISTRICT
Berwick, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
Year Ended December 31, 2013

	<u>General Fund</u>
Revenues:	
Lot sales	\$ 1,519,926
Deposits	<u>2,000</u>
Total revenues	<u>1,521,926</u>
Expenditures:	
Current	
General government	
Appropriation to Town of Berwick	1,448,790
Miscellaneous	3,620
Legal and accounting	8,577
Professional fees	<u>61,197</u>
Total expenditures	<u>1,522,184</u>
Net change in fund balance	(258)
Fund balance, beginning	<u>1,258</u>
Fund balance, ending	<u><u>\$ 1,000</u></u>

(continued)

BERWICK DEVELOPMENT DISTRICT
Berwick, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance (continued)
Governmental Fund
Year Ended December 31, 2013

Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balance of the Governmental Fund to the Statement of Activities:

Total net changes in fund balance for the year ended December 31, 2013 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ (258)
--	----------

Governmental funds report capital outlay as expenditures. However,
in the statement of activities, the cost of those assets is allocated over
their estimated useful lives and reported as depreciation expense.

Depreciation expense for the year ended December 31, 2013	(294)
---	-------

Transfer of land held for resale (Renwick Subdivision, Phase V) from the Town of Berwick	<u>335,000</u>
---	----------------

Total change in net position for the year ended December 31, 2013 per Statement of Activities	<u>\$ 244,733</u>
--	-------------------

The accompanying notes are an integral part of the basic financial statements.

BERWICK DEVELOPMENT DISTRICT
Berwick, Louisiana

Notes to Basic Financial Statements

The Berwick Development District ("District") was created May 15, 1996 by an ordinance of the Town of Berwick, Louisiana under the authority of Louisiana Revised Statute 33:2740.31. The District operates under a Board of Commissioners. The purpose of the District is to acquire and develop real property within the corporate limits of the Town of Berwick for purposes of residential and economic development.

The accounting and reporting policies of the District conform to generally accepted accounting principles as applicable to governments.

(1) Summary of Significant Accounting Policies

A. Financial Reporting Entity

As the governing authority of the Town, for reporting purposes, the Town of Berwick is the financial reporting entity. The financial reporting entity consists of the primary government (Town), organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, as amended, established criteria for determining which component units should be considered part of the Town of Berwick for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. The criteria include:

- 1) Appointing a voting majority of an organization's governing body, and
 - a) The ability of the Town to impose its will on that organization and/or
 - b) The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town.
- 2) Organizations for which the Town does not appoint a voting majority but are fiscally dependent on the Town.
- 3) Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the Town provides financing and office space to the District and appoints members of the governing body of the District, the District was determined to be a component unit of the Town of Berwick, the financial reporting entity. The accompanying financial statements present information only on the fund maintained by the District and do not present information on the Town, the general government services provided by the Town, or other governmental units that comprise the financial reporting entity.

BERWICK DEVELOPMENT DISTRICT
Berwick, Louisiana

Notes to Basic Financial Statements (continued)

B. Basis of Presentation

The accompanying basic financial statements of the District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include all the financial activities of the District. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

The statement of activities presents a comparison between direct expenses and program revenues for the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a particular function. Proceeds from sales and items not properly included among program revenues are reported as general revenues.

Fund Financial Statements

The District uses the General Fund to maintain its financial records during the year. It is used to account for all financial resources except those required to be accounted for in another fund. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity or its total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds. The General Fund of the District is considered to be a major fund.

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded with the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

BERWICK DEVELOPMENT DISTRICT
Berwick, Louisiana

Notes to Basic Financial Statements (continued)

Measurement Focus

On the government-wide statement of net position and the statement of activities, governmental activities are presented using the economic resources measurement focus as defined in item b. below. In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. Governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on its balance sheet. Their operating statement presents sources and uses of available spendable financial resources during a given period. This fund uses fund balance as its measure of available spendable financial resources at the end of a period.
- b. The government-wide financial statement utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), and financial position. All assets and liabilities (whether current or noncurrent) associated with its activities are reported. Government-wide fund equity is classified as net position.

Basis of Accounting

In the government-wide statement of net position and statement of activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting.

D. Assets, Liabilities, and Equity

Cash and interest-bearing deposits

For purposes of the statement of net position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the District.

BERWICK DEVELOPMENT DISTRICT
Berwick, Louisiana

Notes to Basic Financial Statements (continued)

Inventory

Inventory consists of residential lots for sale to the public and is reported at fair market value.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$500 for capitalizing assets.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Landscaping – 30 years

Equity Classifications

Government-wide financial statements

Equity is classified as net position and displayed in three components:

- a. Invested in capital assets, net of related debt – consists of capital assets (including restricted capital assets), net of accumulated depreciation and reduced by the outstanding balances of any bonds, certificates of indebtedness, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – all other net position that does not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

BERWICK DEVELOPMENT DISTRICT
Berwick, Louisiana

Notes to Basic Financial Statements (continued)

Fund financial statements

Fund balance for the District's governmental fund is displayed depicting the relative strength of the spending constraints placed on the purposes for which resources can be used. In the governmental fund financial statements, fund balances are classified as follows:

1. Nonspendable - amounts that cannot be spent either because they are in nonspendable form (such as inventories and prepaid amounts) or because they are legally or contractually required to be maintained intact.
2. Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
3. Committed - amounts that can be used only for specific purposes determined by a formal decision of the District's Board members, which is the highest level of decision-making authority.
4. Assigned - amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed.
5. Unassigned – amounts that are available for any purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board members has provided otherwise in commitment or assignment actions.

E. Revenues, Expenditures, and Expenses

Operating revenues and expenses

Operating revenues and expenses are those that result from providing services and producing and delivering goods and/or services. Revenues and fees, charges and commissions for services are recorded when the District is entitled to the funds.

Interest on interest-bearing deposits is recorded or accrued as revenue when earned. Substantially all other revenues are recorded when received.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function. In the fund financial statements, expenditures are classified by character.

BERWICK DEVELOPMENT DISTRICT
Berwick, Louisiana

Notes to Basic Financial Statements (continued)

F. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(2) Cash and Interest-Bearing Deposits

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The District may invest in United States bonds, treasury notes, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2013, the District has cash (book balances) totaling \$1,000 in demand deposits.

Under state law, deposits, (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the District or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the District's deposits may not be recovered or the District may not be able to recover collateral securities that are in the possession of an outside party. As of December 31, 2013, the District's total bank balance in the amount of \$1,000 was fully insured and therefore not exposed to custodial credit risk.

(3) Inventory

Inventory consists of residential lots for sale as follows:

	Number of Lots	Fair Market Value
Balance, January 1, 2013	2	\$ 89,715
Additions	33	1,757,286
Deletions	(29)	(1,512,002)
Balance, December 31, 2013	<u>6</u>	<u>\$ 335,000</u>

(4) Capital Assets

Capital asset activity for the year ended December 31, 2013 was as follows:

	Balance 1/1/2013	Additions	Deletions	Balance 12/31/2013
Governmental activities:				
Capital assets being depreciated:				
Landscaping	8,815	-	-	8,815
Less accumulated depreciation for:				
Landscaping	(1,078)	(294)	-	(1,372)
Governmental activities capital assets, net	<u>\$ 7,737</u>	<u>\$ (294)</u>	<u>\$ -</u>	<u>\$ 7,443</u>

Depreciation expense of \$294 was charged to the general government function.

(5) Commissioner's Compensation

During the year ended December 31, 2013, none of the commissioners were compensated for their services to the District.

(6) Intergovernmental Agreement

On January 15, 1997, the District entered into an intergovernmental agreement with the Town of Berwick for the development and construction of Renwick Subdivision for residential expansion. The agreement stated that the Town of Berwick would transfer ownership of approximately 73.5 acres of land purchased for the development site. In exchange, the District would reimburse the Town of Berwick for all costs incurred by the Town for the purchase and development of the land as a subdivision.

During the year ended December 31, 1999, the Town of Berwick transferred title to approximately 30 acres of the 73.5 acres to the District. This parcel had been developed as the first phase of the Renwick development. The Town incurred costs totaling \$2,453,558 to develop the property.

During the year ended December 31, 2006, the Town of Berwick transferred title to approximately 6 acres of the remaining 73.5 acres to the District. This parcel had been developed as the second phase of the Renwick development.

During the year ended December 31, 2008, the Town of Berwick transferred title to approximately 6 acres of the remaining 73.5 acres to the District. This parcel had been developed as the third phase of the Renwick development. The Town incurred construction costs totaling approximately \$728,132 to develop the property.

During the year ended December 31, 2011, the Town of Berwick transferred title to approximately 4 acres of the remaining 73.5 acres to the District. This parcel had been developed as the fourth phase of the Renwick development. The Town incurred costs totaling approximately \$402,753 to develop the property.

During the year ended December 31, 2013, the Town of Berwick transferred title to approximately 10 acres of the remaining 73.5 acres to the District. This parcel had been developed as the fifth phase of the Renwick development. The Town incurred costs totaling approximately \$1,297,434 to develop the property.

Upon taking title to the property, the District commenced selling the residential lots to the public. In accordance with the terms of the agreement, the District transferred, to the Town, \$1,448,790 during the year ended December 31, 2013.

(7) New Accounting Pronouncements

During the year ended December 31, 2013, the District implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Statement No. 65 clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting.

REQUIRED SUPPLEMENTARY INFORMATION

BERWICK DEVELOPMENT DISTRICT
Berwick, Louisiana

Budgetary Comparison Schedule
General Fund
Year Ended December 31, 2013

	<u>Budgeted Amounts Original</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues:			
Proceeds from lot sales	\$ 1,600,000	\$ 1,519,926	\$ (80,074)
Deposits	<u>-</u>	<u>2,000</u>	<u>2,000</u>
Total revenues	<u>1,600,000</u>	<u>1,521,926</u>	<u>(78,074)</u>
Expenditures:			
Current -			
General government -			
Appropriation to Town of Berwick	1,536,000	1,448,790	87,210
Legal and accounting		8,577	(8,577)
Miscellaneous	-	3,620	(3,620)
Professional fees	<u>64,000</u>	<u>61,197</u>	<u>2,803</u>
Total expenditures	<u>1,600,000</u>	<u>1,522,184</u>	<u>77,816</u>
Net changes in fund balance	-	(258)	(258)
Fund balance, beginning	<u>1,258</u>	<u>1,258</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,258</u>	<u>\$ 1,000</u>	<u>\$ (258)</u>

See note to budgetary comparison schedule.

BERWICK DEVELOPMENT DISTRICT
Berwick, Louisiana

Note to Budgetary Comparison Schedule

(1) Basis of Accounting

The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as finally amended by the District.

INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

OFFICES

C. Burton Kolder, CPA*
Russell F. Champagne, CPA*
Victor R. Slaven, CPA*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Penny Angelle Scruggins, CPA
Christine C. Doucet, CPA
Wanda F. Arcement, CPA, CVA

Stephen J. Anderson, CPA
Cheryl L. Bartley, CPA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA
Allen J. LaBry, CPA
Albert R. Leger, CPA, PFS, CSA*
Marshall W. Guidry, CPA
Stephen R. Moore, Jr., CPA, PFS, CFP®, ChFC®
James R. Roy, CPA
Robert J. Metz, CPA
Alan M. Taylor, CPA
Kelly M. Doucet, CPA
Mandy B. Self, CPA
Paul L. Delcambre, Jr., CPA
Kristin B. Dauzat, CPA
Jane R. Hebert, CPA
W. Jeffrey Lowry, CPA
Brad E. Kolder, CPA, JD
Casey L. Ardoin, CPA
Deidre L. Stock, CPA
Karen V. Fontenot, CPA

* A Professional Accounting Corporation

183 South Beadle Rd
Lafayette, LA 70508
Phone (337) 232-4141
Fax (337) 232-8660

450 East Main Street
New Iberia, LA 70560
Phone (337) 367-9204
Fax (337) 367-9208

113 East Bridge St
Breaux Bridge, LA 70517
Phone (337) 332-4020
Fax (337) 332-2867

200 South Main Street
Abbeville, LA 70510
Phone (337) 893-7944
Fax (337) 893-7946

1234 David Dr. Ste 203
Morgan City, LA 70380
Phone (985) 384-2020
Fax (985) 384-3020

1013 Main Street
Franklin, LA 70538
Phone (337) 828-0272
Fax (337) 828-0290

434 East Main Street
Ville Platte, LA 70586
Phone (337) 363-2792
Fax (337) 363-3049

133 East Waddell St
Marksville, LA 71351
Phone (318) 253-9252
Fax (318) 253-8681

332 West Sixth Avenue
Oberlin, LA 70655
Phone (337) 639-4737
Fax (337) 639-4568

1428 Metro Drive
Alexandria, LA 71301
Phone (318) 442-4421
Fax (318) 442-9833

WEB SITE
WWW.KCSRCPAS.COM

Retired
Conrad O. Chapman, CPA* 2008

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Commissioners
Berwick Development District
Berwick, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Berwick Development District ("District"), a component unit of the Town of Berwick, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 28, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we identified certain deficiencies in internal control that we consider to be material weaknesses and which are described in the accompanying schedule of audit results and findings as items 2013-001 and 2013-002.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of audit results and findings as item 2013-003.

District's Response to Findings

The District's responses to the findings identified in our audit are described in the accompanying corrective action plan for current audit findings. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited under the provisions of Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document in accordance with Louisiana Revised Statute 44:6.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
June 28, 2014

BERWICK DEVELOPMENT DISTRICT
Berwick, Louisiana

Schedule of Audit Results and Findings
Year Ended December 31, 2013

Part I. Summary of Auditors' Results:

Unmodified opinions were issued on the financial statements of the District's governmental activities and its major fund (General Fund).

Material weaknesses in internal control were disclosed by the audit of the financial statements.

An instance of noncompliance which is material to the financial statements and required to be reported in accordance with *Government Auditing Standards* was reported in Part II of this schedule.

A management letter was not issued.

Part II. Findings reported in accordance with *Government Auditing Standards*:

A. Internal Control

2013-001 Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

CRITERIA: *Internal control* is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The District's internal control over financial reporting includes those policies and procedures that pertain to the District's ability to record, process, summarize, and report financial data consistent with the assertions embodied in financial statements.

CAUSE: The cause of the conditions is the result of a failure to design and implement policies and procedures necessary to achieve adequate internal control.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

2013-002 Financial Reporting

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to governmental entities, in the financial statement preparation process.

BERWICK DEVELOPMENT DISTRICT
Berwick, Louisiana

Schedule of Audit Results and Findings (continued)
Year Ended December 31, 2013

CRITERIA: An entity's internal control over financial reporting includes those policies and procedures that pertain to its ability to record, process, summarize, and report financial data consistent with the assertions embodied in the financial statements, including the ability of its management and staff to detect potential misstatements that may exist in the financial statements and related disclosures.

CAUSE: The condition results from a reliance on the external auditor as part of the internal control process.

EFFECT: Financial statements and related notes may reflect a material departure from generally accepted accounting principles.

RECOMMENDATION: The additional costs required to achieve the desired benefit may not be economically feasible.

B. Compliance Findings

2013-003 Local Government Budget Act

CONDITION: The District did not comply with the public participation requirements of the Local Government Budget Act.

CRITERIA: When proposed expenditures of a political subdivision are expected to exceed \$500,000 from the general fund and any special revenue fund, RS 39:1306(A) requires public participation. As part of the public participation process, RS 39:1307(B) requires that "upon completion of the proposed budget and, if applicable, its submission to the governing authority, the political subdivision shall cause to be published a notice stating that the proposed budget is available for public inspection. The notice shall also state that a public hearing on the proposed budget shall be held with the date, time, and place of the hearing specified in the notice. The notice shall be published at least ten days prior to the date of the first public hearing."

Further, for entities subject to public participation, RS 39:1307(C) states "no proposed budget shall be considered for adoption or otherwise finalized until at least one public hearing has been conducted on the proposal."

CAUSE: The condition results from a failure to comply with statutory requirements.

EFFECT: The District may not be in compliance with certain provision of the Local Government Budget Act.

BERWICK DEVELOPMENT DISTRICT
Berwick, Louisiana

Schedule of Audit Results and Findings (continued)
Year Ended December 31, 2013

RECOMMENDATION: We recommend the District comply with the public participation provisions of the Local Government Budget Act when proposed expenditures exceed \$500,000 by publishing a notice of availability of the proposed budget, publishing a notice containing the time and date of the public hearing of the budget being considered, and hold a public hearing on the proposed budget prior to its adoption. We also recommend the foregoing be complete before the beginning of the District's fiscal year.

Part III. Findings and questioned costs for federal awards reported in accordance with Office of Management and Budget Circular A-133:

The requirements of OMB Circular A-133 do not apply to the District.

BERWICK DEVELOPMENT DISTRICT
Berwick, Louisiana

Summary Schedule of Prior Audit Findings
Year Ended December 31, 2013

A. Internal Control –

There were no items previously reported in this section.

B. Compliance –

There were no items previously reported in this section.

C. OMB Circular A-133 –

This section was not applicable.

BERWICK DEVELOPMENT DISTRICT
Berwick, Louisiana

Corrective Action Plan for Current Audit Findings
Year Ended December 31, 2013

2013-001 – Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

MANAGEMENT'S RESPONSE: Not considered necessary.

2013-002 – Financial Reporting

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to governmental entities, in the financial statement preparation process.

MANAGEMENT'S RESPONSE: The District has determined that it would be more cost effective to outsource the preparation of the District's financial statements to its independent auditors rather than incur the costs to employ someone with the appropriate skill and expertise to prepare the financial statements in accordance with generally accepted accounting principles.

2013-003 – Local Government Budget Act

CONDITION: The District did not publish the availability of the proposed budget for the year ended December 31, 2013 and did not publish a notice of the time and date of the public hearing to be held on the proposed budget.

MANAGEMENT'S RESPONSE: The failure to comply with the public participation requirements was an oversight. We will comply with the requirements of the Local Government Budget Act during the adoption of future budgets.